

speculators, whose operations far exceeded their funds and the real circumstances of the country; their vast and expensive projects, extending to remote objects, were the cause of turning the balance of trade against Scotland; the old banks early forebore the effects, and wisely curtailed their discounts, but in doing this they railed against them the whole host of speculators, who, instead of repaying, wanted to borrow more, and they had address enough to carry the public opinion against it is presidential conduct of the old banks. It was on the chimerical basis of supporting the wild schemes of these projectors, that the bank of Ayr was formed at an unfavourable crisis; with an avowed intention of giving the most liberal and extensive accommodations; it fell, of course, into the hands of these adventurers, who conducted it as they had managed their private speculations, and the institution soon blew up. Some patriotic noblemen and gentlemen of great landed property, who had inconsiderately become stockholders to small amounts, with the most laudable intentions, were much injured, as they were not protected by an act of the legislature, similar to the seventh clause of the law for the operating the Farmers Bank, limiting the loss of the stockholders to the amount of their stock. To this extent only was the bank of Ayr a land bank, some of the stockholders were landowners but they did not find their notes on landed security; their notes however were ultimately paid, and paid in full, because the landed gentlemen were compelled to pay for themselves and the wild projectors with whom they unfortunately associated. For the substance of the foregoing recital, see Smith's Wealth of Nations, vol. I. p. 323 to 324, and Sir James Douglas, still more at large in the forepart.

In the meantime the old banks of Edinburgh saw the evolution about to be made to themselves, and very soon repaired the wanted damage to the community by this wild scheme. To illustrate the advantages which they and similar institutions have enjoyed in favour of England and Scotland, the following passages are cited from Sir Adam Smith and Montefiore. Smith's Wealth of Nations, vol. I. page 323 to 324. "The commerce of Scotland, which at present is not very great, was much more considerable when the two first banking companies were established, and those companies would have had every private trade, had they continued their business in discounting bills of exchange; they neglected therefore another method of using their pecuniary power, by granting what they called Cash Accounts, that is, by giving credit to the extent of a certain sum (two or three thousand pounds for example,) to any individual who could procure two persons of undoubted credit and good families, to become security for him, that whatever money should be advanced to him, within the term which the credit had been given, should be repaid on demand, together with the legal interest, of this kind credit is believed commonly granted by banks and bankers in all the different parts of the world, but the early terms on which the Scotch banking companies accept of repayment, are, so far as I know, peculiar to them, and have been, perhaps, the principal cause both of the great trade of those companies, and the benefit which the country has received from it. Whoever has a credit of this kind with one of the companies, and borrows a thousand pounds upon it, for example, may repay this sum piece-meal, by twenty or thirty pounds at a time, the company discounting a proportionate part of the interest, &c. All merchants, therefore, and almost all men of business, find it convenient to keep such accounts with them, and are thereby interested to promote the trade of those companies, by readily receiving their notes in all payments, and encouraging all those with whom they have any influence to do the same, &c. &c. And thus almost the whole money business of the country is transacted by means of them; hence the great trade of those companies." Montefiore, vol. I. p. 235, 236, (American edition,) speaking of the bank of Scotland, remarks, that the bank of Edinburgh is conducted on precisely the same principles, and continues to observe, "the shares are only £83 6 8 sterling each, but from the flourishing state of its affairs, they usually sell for nearly double that sum. Any person, (he adds,) may deposit money here at the rate of four per cent. if to lie for four months, or three per cent. if to be drawn on demand. Another species of transaction peculiar to this, and the other Scotch banks, is, that the directors grant credits from £200 to £1000, principally to persons engaged in trade, agriculture and manufactures, on their giving bond, with approved security. On this a cash account is opened with the party to whom credit is given, who may draw or pay in any sum, not under twenty pounds, paying interest on what he owes at the rate of five per cent. Every half year accounts are adjusted, and although there are thousands of these cash credits, so careful is the bank of the securities they take, there is hardly ever an instance of any loss. These credits have been of incalculable benefit to the country, and they are now dispersed all through Scotland, there being no less than twenty-four different branches of the bank in the principal towns of that part of the kingdom."

These decisive examples from England and Scotland have not escaped our clear sighted neighbours of the northern states; among their numerous and increasing banks, most of them extend their aid to the agricultural interest, and some are established to lend exclusively on landed security, particularly one in Boston, and one in New-York. See Montefiore on Banks. Sub. sec.

The objection that the nature of bank accommodations, limited to sixty days, is not calculated to serve, and may ruin, planters and farmers, will be found, on examination, to be equally destitute of foundation. Farmers have not been injured in England or Scotland, but on the contrary have been highly benefited by bank accommodations, as we have observed from the best authority, and it would be difficult to discover what can distinguish the agricultural interest of those countries from that of our own. Were these accommodations really to cease at the end of sixty days, still they might frequently prove beneficial; for in no country on earth is the nature of the cultivation so well adapted to temporary loans; crops come in twice a year, the tobacco from March till May, and the wheat from September to November; in the intervals, frequent occasions occur when a farmer or planter could borrow to convenience and profit, and repay with much more certainty than a merchant, who depends upon the safe return of a ship and cargo employed in foreign commerce. But it is a fact well known, that these accommodations, although nominally limited to sixty days, yet are in reality seldom discontinued, where the security is undoubted, and the borrowers are industrious and thriving; but on the contrary, are renewed as long as customers may require, unless the bank is obliged to curtail its discounts, in which case timely notice is usually given. Instead of merchants paying up their accommodations at the end of sixty days, it is a fact that will not be denied, that most of them renew, during their continuance in trade; and it cannot be supposed, that a bank established for the accommodation of the landed interest, would subject its safe customers to more inconvenient conditions than are imposed on merchants in mercantile banks.

To render the institution as convenient as possible to landholders, and to avoid the necessity of providing endorers in town, as the present banks require, the law provides for the appointment of a director in each county, who may

give the necessary information respecting the circumstances of country drawers and endorers; and finally, to remove the very ground of this objection, the principle of Cash Accounts has been introduced into the establishment with all the latitude, and agreeably to the improvements, made by the banks of Scotland, as they have been just stated on the authority of Smith and Montefiore. Loans will therefore be granted on open accounts, to be settled every six months, but renewable at discretion, and repayable in small sums, each repayment stopping a proportionable part of the interest; this process will be attended with these important advantages, that where payments are made by checks on the bank, receipts that can be legally authenticated will be preserved at the expense of the institution, of which the planter and farmer may avail themselves without risk or trouble, and that the present serious danger of counterfeit notes will be wholly avoided. Such are the advantages resulting to individuals, but the benefit to the institution is still greater; as it will, in a great degree, diminish the number, it will prevent the overloading circulation with notes, and their consequent return on the bank to be exchanged for specie. The usual process will be thus: A has a cash account at bank, and owes B a sum of money, for which he gives him a check. B will find that the money is more safe, and nearly as convenient, when lodged in the bank, as in his own chest; and as a check on the bank will generally answer all the purposes of money or notes, he will perceive it to be his interest, instead of drawing the money, to have a cash account opened in his favour, on which the draught of A. is paid to his credit. He then may draw in favour of C. or D. as his occasions require, and C. or D. will find it equally their interest to act in the same manner. When therefore a number of men of business have cash accounts at bank, it will necessarily follow, that notes will seldom be issued to them, and the purposes of those customers will generally be answered, and their mutual payments made, by debiting one and crediting the other, on the books of the bank, without the advance of a shilling, either in notes or specie, and yet the bank will draw an interest on the full amount of all these several transactions. It is this process that has produced such wonderful advantages from the Scotch banks, without exposing them to injury, or even hazard, as has just been stated.

In addition to cash accounts, there is another provision introduced by the law, which distinguishes this institution from any other bank hitherto established in America, and which is peculiarly calculated to promote the interest and convenience of planters and farmers; that is, receiving deposits of money, and paying an interest on them of four per cent. if for six months certain, and three per cent. if to be returned on demand. It has been found by experience, that the banks of Edinburgh, the most solid and flourishing perhaps in Europe, can well afford to pay this interest on deposits, although they receive but five per cent. legal interest on their loans; the profits of this institution, on such transactions, must necessarily be more considerable, as their loans will yield a legal interest of six instead of five per cent. and yet, to individuals, the Farmers Bank offers the advantage of being the only institution of the kind in America that allows any interest at all on deposits. The great benefit thus engaged in agriculture will derive from this provision consists in this, that it will afford them a moderate annual profit on money that would otherwise be dead on their hands, and that it will give a steady value to land, by increasing the number of purchasers. It is well known that a considerable time must elapse before a planter or farmer can raise a sum sufficient to purchase a tract of land, and when he has raised the money, the land he wants may not at that time be in the market, and he must take time before he can procure such land as will suit him; during the whole term therefore requisite to raise and collect the sum, and to effectuate the purchase, the money must lie idle, for if he risks keeping it at home, or deposits it in some other bank for safety, it will yield him no interest whatever, but if he lends it to an individual, or vests it in some stock, so as to draw an interest from it, he can no longer command the principal when an opportunity offers of making the purchase he wishes. The Farmers Bank, therefore, which will receive the money on deposit, allow a moderate interest for its use, and return it at the moment it may be wanted, is precisely the institution that will suit the landed interest.

But it has been farther objected, that farmers and planters are so deficient in punctuality that they cannot be relied on as customers of a bank. General reflections, when fairly examined, almost invariably prove unjust. It is not expected that all farmers and planters are to be credited at the bank. A bank is intended to promote industry, not to encourage extravagance. Those who are worthy of credit, it is presumed, will only be credited, and that there are a sufficient number of such characters among the planters and farmers of Maryland, who would be customers of the bank, cannot rationally be doubted. The authors before cited do not make any complaint of a want of punctuality in the agricultural interest of England or Scotland; on the contrary, it will be recollected that they give a decided preference to landed customers; and why should it be supposed that the planters and farmers of Maryland, as a body, are less honest than those of England, Scotland, or any other country whatever? Promptitude and punctuality in payments depend more on the aid and facilities afforded by monied institutions, than on the moral qualities of any class or description of persons; but it has always been believed, and in general it will be found true, that the pursuits of agriculture are more favourable to morals than the occupation of buying and selling, and living by the gain. Let the landholders be provided with the same means, and make it equally their interest to be punctual, by rendering punctuality indispensable to future accommodations, and no candid mind can suppose, that the American farmer or planter will yield to the European landholder, or American merchant, in either integrity or punctuality.

There is but one other objection, now recollected, that remains to be replied to, which is, that the Farmers Bank would be more liable to runs for specie, and being without foreign commerce to supply it, would consequently be more liable to failure. This position is unfounded in all its parts. Specie will always be commanded, whilst the produce of the country can command the notes of any bank. The risk of failure can therefore only depend on the quantity of notes the bank may issue in proportion to its capital and deposits. The provisions in this institution for transacting its business by cash accounts, and giving an interest on deposits, will render it morally impossible that an over proportion of its notes can be at any time in circulation. But exclusive of this consideration, the customers of the Farmers Bank will be, generally, persons who will employ their loans in internal exchange, by which they will be in a manner absorbed. On the contrary, the mercantile banks loan to merchants employed in the India or other trades, that require gold or silver; such customers will naturally resort for specie to the banks, whose notes they are thus possessed of, and the operations of trade do not admit of the delay requisite to exchange them for the notes of other banks. In fact, individuals can seldom collect a sufficient quantity of the notes of any one bank to make a dangerous run. This can only be done by some other institution, and whilst a jealousy of

all paper currency exists, that will long continue in America, the directors of no bank will be so rash as to risk a serious injury to any similar establishment. The credit of all bank notes is so much interwoven, that the failure of one bank will for a number of years endanger that of all others. But if such an attempt should be made, the directors of the Farmers Bank will not be asleep, and it will be certainly easy for them to retort on any other establishment, provided as they will be with active agents in every county, in the county directors, and with customers spread all over the state, who will know that their discounts must be curtailed or stopped if the necessities of the bank require it; how easy would it be to change their notes for the more numerous notes of other banks, always floating in circulation.

A candid review of the principles of the Farmers Bank will, (it is sincerely believed,) satisfy the public mind, that no possible injury can result from its establishment to any place, or description of persons, but that, on the contrary, as far as human foresight can be trusted, it is calculated to produce all the benefits to the public, and individuals, that can be expected from the institution of any bank whatever.

By Anne-Arundel County Court,

APRIL TERM, 1805.

JOSHUA MARRIOTT, junior, an insolvent debtor of Anne-Arundel county, having applied by petition, in writing, to Anne-Arundel county court, praying the benefit of an act of assembly for the benefit of insolvent debtors, passed at November session, eighteen hundred and four, and a schedule of his property, and a list of creditors, on oath, as by the said act is required, being annexed to his said petition, and the said Joshua Marriott, junior, being under an arrest upon mesne process and a capias at satisfaction for debts due before the passage of the said act, and having proved to the satisfaction of the said court, that he had resided in the state of Maryland the two last years preceding the passage of said act. It is thereupon adjudged and ordered, that the said Joshua Marriott, junior, appear before the said court, at the court-house in the city of Annapolis, on the twenty-fourth day of September next, then and there to produce to said court the assent, in writing, of creditors holding two thirds of the amount of his debts, and to answer such interrogatories as may be proposed to him by his creditors, and that the said day be and it is hereby appointed the time for said creditors to appear and recommend a trustee for their benefit, and that the said Joshua Marriott, junior, give them notice of the passage of this order, by causing a copy of it to be inserted in the Maryland Gazette once in each of the next twelve successive weeks.

Signed by order,
NICH: HARWOOD, Clk.
A. A. County Court.
May 31, 1805.

Prince-George's County Court,

APRIL TERM, April 13, 1805.

RICHARD G. HARDESTY, an insolvent debtor of Prince-George's county, having applied by petition, in writing, to this court, praying the benefit of an act of assembly passed at the last session of the general assembly of Maryland, entitled, "An Act for the relief of sundry insolvent debtors," and a schedule of his property with a list of his creditors on oath, as by the said act is required, being annexed to his petition, and the said Richard G. Hardesty, having proved to the satisfaction of the court, that he resided within the state of Maryland the two preceding years prior to the passage of the said act, and being committed by the court into the custody of the sheriff of Prince-George's county for a debt due and owing before the passage of the said act, and having, upon giving bond and security agreeably to said act, to appear before this court, on the first Tuesday in September next, been discharged from custody. It is thereupon adjudged and ordered by the court here, that the said Richard G. Hardesty, appear before this court, at the court-house in Upper-Marlborough town, on the first Tuesday in September next, then and there to produce to the court, the assent in writing of creditors holding two thirds of the amount of his debts, and to answer such interrogatories as may be proposed to him, and that the said day be, and it is hereby appointed the time for said creditors to appear and recommend a trustee for their benefit. And the said Richard G. Hardesty is hereby directed to give notice to his creditors, of his application, by causing a copy of this order to be inserted eight weeks successively in the Maryland Gazette, previous to the next term.

True copy,
Test. JOHN READ MAGRUDER, jr. clk.

A STRAY.

TAKEN up by the subscriber, living near Alexandria ferry, in Prince-George's county, an iron gray HORSE, supposed to be six or seven years old, thirteen and an half hands high, with a bobbed tail and ridged mane, having no other perceivable mark or brand. The owner is requested to prove property, pay charges, and take him away.
WILLIAM TUCKER.

June 11, 1805. 3X

ANNAPOLIS:
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